Executive Summary

Green Building Incentives Initiative (2013-2014)
Respectfully submitted by
Clive Pohl, AIA, LEED BD+C & Environmental Commission member.

The following is a rough chronology which lead me to conclude that my efforts to pursue a Green Building Incentives Initiative for Lexington were not producing sufficient fruit to continue. It became clear that designing, selling, and launching such a program would require more technical expertise and proximity to the center of governance than is currently possible from my seat on the Environmental Commission. I offer this information in this form with the hope that it might contribute to a similar initiative in future in some small way.

• In early 2013 I became aware of, and was inspired by, Cincinnati's LEED Tax Abatement Program officially called the Community Reinvestment Area (CRA) Residential Tax Abatement. I studied the program, downloaded info, and discussed it with Cincinnati's program administrators and a Cinci-based LEED consultant with whom I have done LEED projects. All were helpful and the latter (Sanyog Rathod of SOL Development) offered to assist in my efforts to "make the case" here in Lexington.
(See attachment 1&2).

• I wrote a blog post suggesting that lexington needed just such a program that made money for the city and encouraged green building. It was posted on the POHL ROSA POHL blog site and made public through PRP's Facebook page. (See attachment 3).

• I met with Council Member Steve Kay and Commissioner Derek Paulsen (See attachment 4) and they expressed doubt that this kind of tax abatement could work here given the large percentage of property tax money that went directly to Fayette County Schools. I am not a tax expert (or even an enthusiast) and so I began an attempt to enlist the needed expertise (through conversations with the USGBC KY Chapter and the Property Tax Administrators office). Clearly I needed to better understand our tax structure and why it would prohibit such a program. It became evident that there was genuine interest in the idea but little available support in the matter of tax structure and substantial skepticism about such a program's likely acceptance.

• I gathered information on other programs in comparable cities (See attachment 5 &6), spoke with Chris King, LFUCG Director of Planning (See attachment 7) and attempted to enlist strategy guidance from Jeremy Sigmon at USGBC (See attachment 8). This last effort, in fact, might hold some promise for future efforts though as Chris King suggested in his attached email passage of such a proposal would require substantial political capital.

Hence, due to increased demands on my time in my architecture practice and, perhaps, some reduction in my naivety, I hereby discontinue this effort but offer my assistance should others take it up. - CP

Cincinnati LEED Tax Abatement Program

Program Title:
Cincinnati Community Reinvestment Area (CRA) residential tax abatement

Authorizing Ordinance(S):
- City Ordinance 182-2007
    - Date enacted: May 16, 2007
- City Ordinance 446-2007
    - Date enacted: December 12, 2007
- City Ordinance 502-2012
    - Date enacted: December 19, 2012

CRA Goals
- Stimulate Community Revitalization
- Retain City Residents
- Attract Homeowners
- Reduce Development Costs for Homeownership and Rental Projects

CRA Characteristics
- Allows owners to pay taxes *just on the pre-improvement value* of their property for 10-15 years for the following projects
- County Auditor's Office determines the abatement amount based on the type of improvements.
- Abatement is 100% of the property's increased value, up to the maximum abatement value shown in **table 1 and 2**.
- For residential developments that are four units or greater, mixed-use buildings, commercial, and industrial structures, see Commercial Tax Exemption.
    - 25% of these abatements go to Public School System

Residential Renovation Abatement (table 1):
- Eligibility
    - minimum cost of project: $2,500 for one- and two-unit structures and $5,000 for three unit structures.
    - Rehabbed condominiums, one/two/three-unit dwellings qualify as well as condominium conversions
    - Roofing, vinyl siding, windows, gutters and painting may improve the condition of the house but may not increase the taxable value of the property. Landscaping, retaining walls, driveways and the like do not qualify for the abatement.
- Abatement Increases:

- Before January 31, 2013: Maximum abatement increases by 3% each year
- After January 31, 2013: No increase at beginning of each year

Table 1: Renovation Abatement Schedule

	Substantially Complete Building Permits Received On or Before January 31, 2013		Substantially Complete Building Permits Received After January 31, 2013	
	Maximum Abatement	Term	Maximum Abatement	Term
Non-LEED Certified	$309,515	10	$275,000	10
LEED Certified	$562,792	10	$275,000	10
LEED Silver	$562,792	10	$400,000	10
LEED Gold	$562,792	10	$562,000	10
LEED Platinum	No Limit	10	No Limit	10

Residential New Construction Abatement (table 2):

- Eligibility:
  - Condominiums and one/two/three unit residential structures
  - Taxes paid on value of land and property exceeding maximum abatement value as shown in **tables 1** below
- Abatement Increases:
  - Before January 31, 2013: Maximum abatement increases by 3% each year
  - After January 31, 2013: No increase at beginning of each year

Table 2: New Construction Abatement Schedule

	Substantially Complete Building Permits Received On or Before January 31, 2013		Substantially Complete Building Permits Received After January 31, 2013	
	Maximum Abatement	Term	Maximum Abatement	Term
Non-LEED Certified	$309,515	10	$275,000	10
LEED Certified	$562,792	15	$275,000	15
LEED Silver	$562,792	15	$400,000	15
LEED Gold	$562,792	15	$562,000	15
LEED Platinum	No Limit	15	No Limit	15

CRA Program Results

- Total investments made by projects awarded CRA tax abatement (2007-2012) = $198 million
    - Residential one/two/three-unit projects investment = $29.78 million
        - Annual tax abatement savings = $2 million
    - Multi-unit projects investment = $109.67 million
        - Annual tax abatement savings = $2.3 million.
    - Commercial/industrial project investment = $58.59 million
        - Annual tax abatement savings = $1.23 million.
- (still waiting on confirmation on the number of projects completed under CRA and at which certification level)

Community Reinvestment Area Residential Tax Abatement Survey Results

In February 2013, the City of Cincinnati's Department of Community Development conducted an email survey of property owners who received a Community Reinvestment Area (CRA) Residential Tax Abatement from 2011 to 2013. A total of 127 property owners completed the survey, yielding a 45% response rate. The survey confirmed that the Residential Tax Abatement is working to encourage new construction and renovation in the city limits. A summary of results is presented below.

The Residential Tax Abatement's incentive is strongest for property owners who are buying newly constructed homes.

The program is also acting as a strong incentive for buyers to pursue LEED certification.

- Owners of newly constructed homes were more likely than owners of renovated homes to say that the Residential Tax Abatement was the determining factor in their decision to invest in property in the City of Cincinnati (62% compared to 20%).
- Owners of newly constructed homes were more likely than owners of renovated homes to say that the tax abatement impacted their decision to stay or move to the City of Cincinnati (81% compared to 49%).
- 87% of owners of newly constructed homes who chose to build LEED-certified said that additional tax abatement was the determining factor that motivated them to pursue LEED certification.
- Just 4% of property owners said that the Residential Tax Abatement did not factor into their decision to build a new home or invest in renovations.

The Residential Tax Abatement is encouraging property owners to invest more money in their property.

This is especially true for owners of LEED-certified homes.

- 27% of property owners said that the tax abatement allowed them to allocate an additional $5,000-$49,999 to their budget.
- 26% of property owners said that the tax abatement allowed them to allocate an additional $50,000-$149,999 to their budget.
- 14% of property owners said that the tax abatement allowed them to allocate an additional $150,000 or more to their budget.
- Owners of LEED-certified homes were more likely than owners of non-LEED certified homes to say that the Residential Tax Abatement allowed them to increase their original budget by at least $50,000 (54% compared to 36%).

Getting the word out about the Residential Tax Abatement and the additional incentives for LEED-certified properties could encourage more investment in the City of Cincinnati.

Extending the term for LEED–certified renovations could make a LEED-certified renovation more cost effective.

- 25% of owners of renovated homes did not know about the tax abatement until after they made their decision to renovate.
- 63% of owners of newly constructed homes who did not build LEED-certified were not aware of LEED certification.
- For property owners of renovated homes, the primary barrier to achieving LEED certification was that the renovation would have been too costly (46%).

Narrative responses were overwhelmingly supportive of the program and attest to the program's success in encouraging new construction and renovation in the city limits.

Other comments addressed the efficiency of the City's process for processing abatements.

The comments to the right are a sample of these responses.

- *"Was considering Covington and Newport but the tax abatement made Cincinnati more attractive."*
- *"Good program, and certainly a GREAT incentive to build in the infill areas within the city."*
- *"The City of Cincinnati is starting to come alive. We moved from Anderson so we could walk to events, restaurants and enjoy the sports, music and art programs. The tax abatement made our decision easier to buy a new home. Thanks."*
- *"Myself and my close friends who have built LEED certified homes as a part of this program would not have built a home in the City of Cincinnati without this program. It was a great experience and has been highly beneficial to myself and my family. I have and will continue to refer this program to friends and colleagues."*
- *"As a long time (20yr) resident in the city, there have been temptations to migrate to the 'burbs only for the desire for a brand new, affordable home. The abatement made the decision to renovate and obtain "new" in my old home a much more enticing option. Keep these options coming to keep residents in the city limits!"*
- *"It was the determining factor for us. We are retiring and wanted to move to the suburbs but were convinced to stay in the city given the lucrative abatement for the next 10 years."*
- *"My abatement application was processed very quickly... to my surprise. I was extremely delighted. I really appreciate this program and what it does for the city."*

Critiques and suggestions for improving the program most commonly focused on confusion about how the abatement works (4 comments). In response, the Department of Community Development has updated its website with more detailed information on how the abatement is applied to different categories of property.

The second most frequent suggestion was that the City increase advertising for the program (3 comments). The comments to the right are a sample of these responses. In response, the City may want to consider ramping up efforts to market the program to potential buyers.

- *"The CRA tax abatement program is a tremendous tool to promote redevelopment and new construction of the city housing stock. The program should be advertised more aggressively by the city. Advertising the program to the outlying suburbs could encourage empty nesters to relocate into the city."*
- *"I believe the program is beneficial for the city, as well as the home owner. I would encourage greater advertising about its availability."*

Lexington Needs What Cincinnati Has

One of the lessons that we denizens of capitalism are learning, however slowly, is that planning and investment in the distant future is an imperative. It is now more apparent than ever that reckless consumption through short-sighted decision making in building design and construction may save a dime up front but breaks the bank over time. Our children will pay the price if we are unwilling or unable to get beyond “talking the talk” and, at long last, “walk the walk”.

As an architect with over 25 years of experience in design, planning, and construction I offer the following observations:

1. Money talks: It is widely recognized in design and planning circles that increasing density via pedestrian friendly, livable urban environments must be encouraged and that doing "the right thing” is not incentive enough. Even in the best of times building owners and jurisdictions need clear financial incentives. After years of recession this key point could not be more critical.
2. LEED walks: The Leadership in Energy and Environmental Design Certification process provides a credible mechanism to minimize short sighted choices in the design and construction process. When one encounters the plaque on a certified building you can be confident that it stands for third party verification of responsible stewardship. It represents a reduction in the cost of health care (by minimizing exposure to toxins), a reduction in the cost of thermal comfort (by minimizing energy consumption), and a reduction in the depletion of our natural resources - to reference just a few components of LEED’s comprehensive program. It represents an elevated awareness on the part of the entire design and construction team and holds us ALL to a higher standard and a longer view.

So, how do we accomplish these seemingly impossible objectives as part of an informed long range vision?

Lexington needs what Cincinnati has: a successful incentive program to encourage reinvestment in the urban core and job creation through responsible building renovation and new construction. Cincinnati’s Community Reinvestment Area (CRA) Tax Abatement Program encourages LEED Certification by offering up to 15 years of tax relief (with higher levels of certification resulting in more relief).

http://www.cincinnati-oh.gov/community-development/housing-assistance/residential-property-tax-abatement/

Implemented in 2007 and, after careful examination, amended and re-adopted in January 2013, the CRA Program is making money for the city and encouraging owners to invest more in their property.

In February of this year an email survey of property owners who received CRA Residential Tax Abatement between 2011 and 2013 confirmed that the program is working to encourage new construction and renovation in the city limits. The following testimonials (among others) were recently made public:

1. "As a long time (20 yr) resident in the city, there have been temptations to migrate to the 'burbs' only for the desire for a brand new, affordable home. The abatement made the decision to renovate and obtain "new" in my old home a much more enticing option. Keep these options coming to keep residents in the city limits!'
2. "The CRA tax abatement program is a tremendous tool to promote redevelopment and new construction of the city housing stock. The program should be advertised more aggressively by the city. Advertising the program to the outlying suburbs could encourage empty nesters to relocate into the city."
3. "Myself and my close friends who have built LEED certified homes as a part of this program would not have built a home in the City of Cincinnati without this program. It was a great experience and has been highly beneficial to myself and my family. I have and will continue to refer this program to friends and colleagues."

In the coming weeks I will be assembling the information needed to “make the case” for Lexington’s version of the CRA Tax Abatement Program. With the help of Sanyog Rathod of SOL Development (a Cincinnati based architect and Certified Green Rater for the LEED for Homes program) we will attempt to answer the first and most important question: can we afford it?

Stay tuned.

Clive:

My apologies. This got lost in a flurry of other activities, and I am just getting to it, obviously too late for your April 1 meeting.

I would like to set up a meeting with you and Commissioner Paulsen next week. I am copying my aide Leah on this so she can coordinate possible times when she returns from break next week.

Steve

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From: clivepohl@gmail.com [mailto:clivepohl@gmail.com] **On Behalf Of** Clive Pohl
Sent: Thursday, March 21, 2013 4:59 PM
To: Steve Kay; stevek@robertsandkay.com
Subject: LEED Tax Abatement

Hi Steve!

When last we spoke I mentioned my interest in introducing a LEED Certification tax abatement incentive to Lexington based upon the success of the Cincinnati precedent. In the spirit of an update: I just received the attached summary of results from a recent survey of property owners who received an abatement - done by Cincinnati's Community Development wing. It is a GREAT document - short and to the point - in support of the tax abatement. Check it out: it contains testimonials and quotes like:

"the CRA (Community Reinvestment Area) tax abatement program is a tremendous tool to promote redevelopment and new construction of the city housing stock. The program should be advertised more aggressively by the city. Advertising the program to the outlying suburbs could encourage empty nesters to relocate into the city."

A great start toward making the financial case though we will still need numbers pertinent to Lex (and we are working on that). I'm writing you today to ask: whom should I approach next? Derek Paulsen comes to mind and, of course, you. I would like to have a rough political strategy taking shape prior to the next Environmental Commission meeting on April 1, if possible.

As always, your help and insight is much appreciated. - Clive

http://www.cincinnati-oh.gov/community-development/housing-assistance/residential-property-tax-abatement/ <http://www.cincinnati-oh.gov/community-development/housing-assistance/residential-property-tax-abatement/>

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Green Building Incentives

Built Environment

Competitor Cities:

City	State	Incentive
Birmingham	AL	Tax credits, credits for energy efficiency
Charlotte	NC	Permit fee rebates.
Cincinnati	OH	Property tax abatement, expedited permitting, green roof loans, electric vehicle incentives, tax exemptions, grants, loans.
Columbus	OH	Energy efficiency rebates.
Dayton	OH	Energy efficiency rebates.
Greensboro	NC	Expedited permitting, reduced permit fees.
Indianapolis	IN	Permit fee reduction, renewable energy grants, green infrastructure grants.
Jacksonville	FL	Expedited reviews, refunds certification cost.
Memphis	TN	Tax credits.
Nashville	TN	Density bonus, expedited permits, appliance rebates.
Raleigh	NC	Grants, rebates, tax credits, shored cost – storm water improvements.

Competitor cities are those identified as part of the Greater Louisville Project

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ENERGY EFFICIENCY AND RENEWABLE ENERGY TAX INCENTIVES

FEDERAL AND STATE ENERGY TAX PROGRAMS

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21. Kentucky State Tax Incentives for Renewable Energy and Green Building

21.01 Kentucky state corporate income tax credit for renewable energy facilities

A. GENERAL DESCRIPTION. Kentucky provides a corporate income tax credit in the amount of 50% of the investment in renewable energy facilities. *Ky. Rev. Stat. Ann. §154.27-010 et seq.; 307 Ky. Admin. Regs. 1:040; H.B. 552 (2010); H.B. 589 (2010).*

B. ELIGIBLE TAXPAYERS. The tax credit is available to Taxpayer corporations constructing, retrofitting or upgrading facilities that generate power from renewable resources.

1. Taxpayers must be certified by the KY Economic Development Finance Authority.

C. QUALIFYING ACTIVITY. Taxpayer must construct, retrofit or upgrade a renewable energy facility. A renewable energy facility is one that generates at least 50 kW of electricity from solar power or at least 1 MW from wind power, biomass resources, landfill gas, hydropower, energy-efficient alternative fuel, natural gas alternative fuel or similar renewable resources.

1. Qualifying electricity must be sold to an unrelated party.
2. Qualifying renewable energy facilities must have a minimum of $1 million in capital expenditures.
3. Qualifying energy-efficient alternative fuel facilities and biomass facilities must have a minimum of $25 million in capital expenditures.

D. INCENTIVE AMOUNTS. The tax credit amount is 50% of the capital investment.

E. INCENTIVE LIMITS. The maximum tax credit amount is 50% of the capital investment.

F. INCENTIVE TIMEFRAME.

G. MISCELLANEOUS.

21.02 Kentucky state personal income tax credit for renewable energy systems

A. GENERAL DESCRIPTION. Kentucky provides a personal income tax credit in the amount of 30% of the cost of installing renewable energy systems on residential and commercial property. *Ky. Rev. Stat. Ann. §141.436q.; 307 Ky. Admin. Regs. 1:040.*

B. ELIGIBLE TAXPAYERS. The tax credit is available to Taxpayer individuals installing renewable energy systems on residential and commercial property.

C. QUALIFYING ACTIVITY. Taxpayer must installing renewable energy systems. Renewable energy systems include solar hot water, solar energy systems, PV panels, inverters, wind and geothermal heat pumps.

1. Qualifying wind and solar hot water equipment must have a manufacturer's warranty of 5 years or more.
2. Qualifying solar hot water systems must have an installer's warranty of 2 years or more, and must use collectors certified by the Solar Rating and Certification Corporation under OG-100.
3. Qualifying solar energy systems must be installed by a North American Board of Certified Energy Practitioners-certified installer.
4. Qualifying PV panels and inverters must meet article 690 of the National Electrical Code and be certified by Underwriters Laboratories.
5. Qualifying wind turbines must meet the wind industry consensus standards developed by the American Wind Energy Association and U.S. Department of Energy.
6. Qualifying wind turbines must meet the requirements of article 705 of the NEC, and must be UL-certified.
7. Qualifying closed loop geothermal heat pumps must have EER of 14.1 and COP of 3.6
8. Qualifying open loop geothermal heat pump must have EER of 16.2 and COP of 3.5
9. Qualifying DX geothermal heat pump must have EER of 15 and COP of 3.5

D. INCENTIVE AMOUNTS. The tax credit amount is 30% of the cost of the renewable energy systems. The tax credit amount is $3.00/watt for rated capacity for PV.

E. INCENTIVE LIMITS. The maximum tax credit amounts are $250 for geothermal technologies, $500 for solar hot water and wind technologies, and the greater of $500 or $3.00 per watt of rated capacity for photovoltaic systems. The maximum tax credit amount is $1,000 for installations on multi-family residential rental units or commercial property. The maximum tax credit amount is $500 for single family residential rental unit.

F. INCENTIVE TIMEFRAME. The tax credit expires December 31, 2015. Unused tax credit may be carried forward 1 year.

G. MISCELLANEOUS.

21.03 Kentucky state sales tax exemption for renewable energy facilities

A. GENERAL DESCRIPTION. Kentucky provides a sales tax exemption for renewable energy facility property. *Ky. Rev. Stat. Ann. §154.27-010 et seq.; 103 Ky. Admin. Regs. 31:190; H.B. 552 (2010); H.B. 589 (2010).*

B. ELIGIBLE TAXPAYERS. The tax exemption is available to Taxpayer purchasers of property for facilities that generate power from renewable resources.

1. Taxpayer must be certified by the KY Economic Development Finance Authority.

C. QUALIFYING ACTIVITY. Taxpayer must purchase property for renewable energy facilities. A renewable energy facility is defined as one that generates at least 50 kW of electricity from solar power or at least 1 MW from wind power, biomass resources, landfill gas, hydropower, energy-efficient alternative fuel, natural gas alternative fuel or similar renewable resources.

1. Qualifying electricity must be sold to an unrelated party.
2. Qualifying renewable energy facility must have a minimum $1 million in capital expenditures.

D. INCENTIVE AMOUNTS. The tax exemption amount is 100% of the sales tax due.

E. INCENTIVE LIMITS.

F. INCENTIVE TIMEFRAME. The maximum tax exemption period is 25 years.

G. MISCELLANEOUS.

21.04 Kentucky state income tax credit for biodiesel and renewable diesel

A. GENERAL DESCRIPTION. Kentucky provides a personal, corporate or limited liability entity income tax credit in the amount of $1.00 per gallon for producing and blending biodiesel and renewable diesel. *Ky. Rev. Stat. Ann. §141.422 et seq.; Ky. Admin. Regs. 103 §15:140(4); L. 2012, H441 (c. 160)(2012).*

B. ELIGIBLE TAXPAYERS. The tax credit is available to Taxpayer corporations or individuals producing or blending biodiesel and renewable diesel.

1. Taxpayer must be certified by the KY Department of Revenue.
2. Taxpayer agriculture cooperatives formed as limited cooperative associations may apportion the tax credit among patron members of the association.

C. QUALIFYING ACTIVITY. Taxpayer must produce or blend biodiesel and renewable diesel. Biodiesel is a renewable, biodegradable, mono alkyl ester combustible liquid fuel derived from agriculture crops, agriculture plant oils, agriculture residues, animal fats or waste products that meets current American Society for Testing and Materials specification D6751 for biodiesel fuel (B100) blend stock distillate fuels. Blended biodiesel is a blend of biodiesel with petroleum diesel so that the percentage of biodiesel in the blend is at least 2% (B2 or greater). Renewable diesel is a renewable, biodegradeable, non-ester combustible liquid that is derived from biomass resources and meets the current American Society for Testing and Materials Specification D396 for fuel oils intended for use in various types of fuel oil burning equipment, D975 for diesel fuel oils suitable for various types of diesel fuel engines or D1655 for aviation turbine fuels.

D. INCENTIVE AMOUNTS. The tax credit amount is $1.00 per biodiesel gallon produced by a biodiesel producer, $1.00 per gallon of biodiesel used in the blending process and $1.00 per gallon of renewable diesel produced by a renewable diesel producer.

E. INCENTIVE LIMITS. The statewide maximum annual tax credit amount is $10 million. If the tax credit exceeds the statewide maximum annual tax credit amount, the tax credit will be prorated among approved producers and blenders.

F. INCENTIVE TIMEFRAME. Taxpayer must apply for the tax credit by January 15 of the preceding calendar year.

G. MISCELLANEOUS.

21.05 Kentucky state income tax credit for cellulosic ethanol or ethanol fuel

A. GENERAL DESCRIPTION. Kentucky provides a personal, corporate or limited liability entity income tax credit in the amount of $1.00 per gallon for producing cellulosic ethanol fuel. *Ky. Rev. Stat. Ann. §141.4244; Ky. Rev. Stat. Ann. §141.422; Ky. Rev. Stat. Ann. §141.4242; Ky. Dept. of Rev., Prop. Regs. § 15:110 et seq.*.

B. ELIGIBLE TAXPAYERS. The tax credit is available to Taxpayer corporations or individuals producing cellulosic ethanol or ethanol.

1. Taxpayer must be certified by the KY Department of Revenue.
2. Taxpayer pass-through entities claiming the tax credit must apply the tax credit based on distributive share.

C. QUALIFYING ACTIVITY. Taxpayer must produce cellulosic ethanol or ethanol. Cellulosic ethanol is ethyl alcohol for use as a motor fuel that meets the current American Society for Testing and Materials specification D4806 for ethanol that is produced from cellulosic biomass materials of any lignocellulosic or hemicellulosic material that is available on a renewable or recurring basis including: plant wastes from industrial processes such as sawdust and paper pulp; energy crops grown specifically for fuel production such as switchgrass or agricultural plant residues such as corn

stover, rice hulls, sugar cane and cereal straws. Ethanol is ethyl alcohol produced from corn, soybeans, or wheat for use as a motor fuel that meets the current American Society for Testing and Materials specification D4806 for ethanol.

D. INCENTIVE AMOUNTS. The tax credit amount is $1.00 per cellulosic ethanol or ethanol gallon produced.

E. INCENTIVE LIMITS. The statewide maximum annual tax credit amounts are $5 million for cellulosic ethanol and $5 million for ethanol. If the amount of credit exceeds the statewide maximum annual tax credit amounts, the tax credit will be prorated among approved producers.

F. INCENTIVE TIMEFRAME. Taxpayer must apply for the tax credit by January 15 of the preceding calendar year.

G. MISCELLANEOUS.

21.06 Kentucky state income tax credit for energy efficient commercial property

A. GENERAL DESCRIPTION. Kentucky provides a corporate or personal income tax credit in the amount of 30% of the cost of energy efficiency measures on commercial property. *Ky. Rev. Stat. Ann. §141.435 et seq.*

B. ELIGIBLE TAXPAYERS. The tax credit is available to Taxpayer corporations and individuals installing certain energy efficiency measures on commercial property.

C. QUALIFYING ACTIVITY. Taxpayer must install energy efficiency measures on commercial property. Energy efficiency measures include energy efficient lighting systems, energy efficient HVAC system, and Energy Star manufactured homes. An energy efficient lighting system is an interior lighting system that meets the maximum reduction in lighting power density requirements for the federal energy efficient commercial building deduction under IRC §179D, as in effect December 31, 2007. An energy-efficient heating, cooling, ventilation, or hot water system as a system that meets the requirements for the federal energy-efficient commercial building deduction under IRC §179D, as in effect December 31, 2007.

D. INCENTIVE AMOUNTS. The tax credit amount is 30% of installed cost.

E. INCENTIVE LIMITS. The maximum tax credit amount is $1,000. The maximum tax credit amount for energy efficient lighting system is $500. The maximum tax credit amount for energy efficient HVAC System is $500. The maximum tax credit amount for Energy Star manufactured home sold is $400.

F. INCENTIVE TIMEFRAME. The tax credit expires December 31, 2015.

G. MISCELLANEOUS.

21.07 Kentucky state sales tax exemption for energy efficient manufacturing machinery and equipment

A. GENERAL DESCRIPTION. Kentucky provides a sales tax exemption in the amount of 100% of the tax on energy efficient manufacturing machinery and equipment. *Ky. Rev. Stat. Ann. §139.518; 103 Ky. Admin. Regs. 31:200.*

B. ELIGIBLE TAXPAYERS. The tax exemption is available to Taxpayer purchasers of new or replacement equipment for an energy efficiency project.

1. Taxpayer must be certified by the KY Cabinet for Economic Development and the KY Department of Revenue prior to purchasing new or replacement equipment.

C. QUALIFYING ACTIVITY. Taxpayer must purchase equipment for an energy efficiency project. An energy efficiency project is a project that decreases the measurable amount of energy used by the facility by at least 15% percent while maintaining or increasing the production for the same period.

1. Qualifying equipment does not include windows, lighting or other improvements to buildings and repair, replacement and spare parts.

D. INCENTIVE AMOUNTS. The tax exemption amount is 100% of the sales tax due.

E. INCENTIVE LIMITS.

F. INCENTIVE TIMEFRAME. The maximum tax exemption period is 25 years.

G. MISCELLANEOUS.

21.08 Kentucky state personal income tax credit for energy efficient residential property

A. GENERAL DESCRIPTION. Kentucky provides a personal income tax credit in the amount of 30% of the cost of energy efficiency measures on residential property. *Ky. Rev. Stat. Ann. §141.435 et seq.*

B. ELIGIBLE TAXPAYERS. The tax credit is available to Taxpayer individuals installing certain energy efficiency measures on residential property.

C. QUALIFYING ACTIVITY. Taxpayer must install certain energy efficiency measures on residential property. Energy efficiency measures include: (1) qualifying energy property including water heaters, heat pumps, central air conditioners, advanced main air circulating fans; and (2) weatherization measures including windows and storm doors, added insulation.

1. Qualifying electric heat pump water heater must yield an energy factor of at least 2.0 in the standard DOE test procedure.
2. Qualifying split central air conditioning system must have a SEER of 15 and EER of 12.5.
3. Qualifying packaged central air conditioning system must have a SEER of 14 and EER of 12.
4. Qualifying natural gas, propane or oil water heater must have an Energy factor of .80 or higher.
5. Qualifying natural gas, propane or oil furnace or hot water boiler must have a: Annual fuel utilization efficiency rate of at least 95.
6. Qualifying exterior wall, crawl space, basement exterior wall insulation must have a R-13 or higher
7. Qualifying floor insulation must have a R-19 or higher

D. INCENTIVE AMOUNTS. The tax credit amount is 30% of the installed cost.

E. INCENTIVE LIMITS. The maximum tax credit amount is $500 for any combination of qualifying energy property and weatherization measures. The maximum tax credit amounts are $100 for insulation, and $250 for qualifying energy property, windows and storm doors.

F. INCENTIVE TIMEFRAME. The tax credit expires December 31, 2015.

G. MISCELLANEOUS.

21.09 Kentucky state corporate income tax credit for Energy Star homes

A. GENERAL DESCRIPTION. Kentucky provides a corporate or limited liability entity income tax credit in the amount of $400 - $800 per Energy Star home sold or built for use as a principal place of residence. *Ky. Rev. Stat. Ann. §141.437.*

B. ELIGIBLE TAXPAYERS. The tax credit is available to Taxpayer corporations or limited liability entities building or selling Energy Star homes.

C. QUALIFYING ACTIVITY. Taxpayer must build an Energy Star home or sell an Energy Star manufactured home. An Energy Star home is any single-family residence that qualifies for and receives the Energy Star label under the Energy Star Program administered by the US Environmental Protection Agency. An Energy Star manufactured home is a manufactured home that meets the Energy Star label under the Energy Star Program administered by the US Environmental Protection Agency.

D. INCENTIVE AMOUNTS. The tax credit amount is $800 if Taxpayer builds an Energy Star home. The tax credit amount is $400 if Taxpayer sells an Energy Star manufactured home.

E. INCENTIVE LIMITS.

F. INCENTIVE TIMEFRAME. The tax credit applies in the year in which the taxpayer completes construction of the Energy Star home or sells the Energy Star manufactured home. The tax credit expires December 31, 2015.

G. MISCELLANEOUS. Taxpayer may not take the energy efficiency tax credit per Ky. Rev. Stat. Ann. § 141.435 et seq.

Re: tax incentives

1 message

Chris King <chrisk@lexingtonky.gov> Mon, Dec 30, 2013 at 6:45 PM
To: Clive Pohl <clive@pohlrosapohl.com>

Good evening Clive. I hope you and your family have and will continue to have an enjoyable holiday season. This is my first day of decompression from a week of children grandchildren and sons in law as house guests. Great fun but my random thoughts below might be a bit mushy at this point...

I personally agree that green building practices are definitely worthy of support and incentives.

We have also explored similar concepts if incentives for infill, redevelopment, affordable housing, job producing projects, etc.

Like you, we haven't found good models in a payroll-taxed based local income stream, but the types of things discussed usually involve some abatement of property taxes, permit fees, permit process assistance, CAP fees, etc.

Setting objective criteria for deciding what makes a project worthy of incentives is always also tricky in the public arena. LEED is of course the most ubiquitous certification out there, but I know some folks who aren't fans.

In our system these are not typically significant savings, BUT I believe every little bit can help and such programs make important statements about community values.

The property tax abatement is usually the toughest sell to the financial folks even though Lfucgs share of the property tax assessment is very small. Most goes to FCPS.

Derek may have told you that we expect discussion and review of possible additional incentivizing of infill and redevelopment during the upcoming year. It makes sense to me to lobby to include green building practices in the discussions-as I see it, the tools would be very similar.

I will certainly put forward green building as a potential policy item for incentives as we have these kinds of discussions down at city hall.

Take care, and have a good new year!

Sent from my iPhone

On Dec 30, 2013, at 10:27 AM, "Clive Pohl" <clive@pohlrosapohl.com> wrote:

> Good Morning Chris,
>
> In my position on the Environmental Commission I am exploring the prospect of introducing tax (or other financial) incentives for Green Building through LFUCG in Fayette Co. I have discussed this briefly with Steve Kay, Derek Paulsen and others and have looked at other programs nearby (Cinci and Louisville) but have not identified a clear precedent program appropriate for our tax structure. If this is of interest to you I would value your input or, if not, perhaps you could suggest another point of contact with whom I might brainstorm.
>
> Either way, I wish you a very happy new year.
>
> Clive Pohl AIA, LEED AP BD+C

Green Building Incentive Strategies

Click here for a quick overview of incentive strategies | Click here for a dynamic search tool that searches all LEED-based public policy initiatives

State and local governments across the country have found that one of the most effective strategies to encourage green building is through targeted financial and structural incentives. Rewarding developers and homeowners who choose to build green is an effective way to encourage the adoption of best-practices in design, construction and operations while simultaneously improving the health, prosperity, and quality of life for all.

And while green buildings have proven to deliver real and quantifiable energy, water and financial savings to consumers and governments alike—the benefits of building green extend far beyond the building footprint and deep into the community. Green building creates jobs, reduces strain on public infrastructure and resources, creates and maintains a healthier indoor and outdoor environment, and inspires growth and innovation in the local economy. In recognition of the positive and transformative impact that sustainable buildings and communities are having on pressing local, state and regional issues, state and local governments both large and small are using effective government incentives to promote leadership in the design, construction and operation of our nation's communities.

For information on how governments are raising funds that can then be appropriated towards green building and other sustainability initiatives, see USGBC's resource on Financing and Encouraging Green Building.

Structural Incentives

Simple modifications in zoning permissions and review processes can yield impressive dividends for developers and building owners alike. Structural incentives such as density bonuses and expedited permitting are implemented at low or no cost to government authorities and encourage developers to build green by making healthy, efficient and high-performance buildings an even more attractive option.

Expedited Review/Permitting Processes: Review and permitting processes can vary greatly in length from one jurisdiction to another. In some cases these processes can take months or even years, resulting in increased project costs and delays on returns. Reducing the duration of the review and permitting process for verifiable green building projects can result in major cost savings for the developer. Expedited permitting allows a municipality to offer a significant incentive with little or no financial investment, since it only requires a shift in permitting priority.
For examples click here.

Density Bonuses: Density bonuses provide an opportunity for municipalities to tie incentives to specific local public policy priorities. Many municipalities allow for percentage increases in Floor Area Ratio (FAR) or other measures of density contingent upon certification or proof of building green. Even municipalities with height restrictions are providing height bonuses (another form of a density bonus) for green buildings, particularly for urban infill projects. These additional bonuses in density yield both short-and long-term dividends for developers and building owners through the rent or sale of additional units allowed by the bonus incentive.
For examples click here.

Financial Incentives

Financial incentives are a highly successful means of encouraging developers to follow green building practices. And while financial incentives necessarily require a financial investment in cleaner, healthier buildings, state and local governments are finding that these investments pay dividends to the community's Triple Bottom Line: ecology, economy, and equity.

Tax Credits and Abatements: Many municipalities already offer tax credits and abatements as a means of advancing specific policy agendas. Abatements work by exempting property owners from paying taxes for a period of time. Credits work by crediting specific tax liabilities back to owners of these properties. These same principles are being applied to homes and developments that achieve measurable, verifiable green building goals. And while this incentive has an up-front cost to the municipality, the increased assessed property value from an energy-efficient, greener building frequently offsets any reduction in tax revenue over time.
For examples click here.

Fee Reductions or Waivers: Some municipalities that charge fees for permit review or other permitting processes are offering reductions or waivers for developers or contractors who commit to verifiable green building practices. While this incentive comes at a

marginal cost to government authorities, the benefits of a healthier and more efficient building stock pay dividends the entire community. In many cases, this incentive can be paired with a structural incentive such as expedited permitting.
For examples click here.

Grants: Grants for green building developers and homeowners are being established by state and local governments to entice construction and renovation project teams to go green in markets that may otherwise be resistant. These programs can be funded through taxes or fees, or through federal and state funds. Such grants are usually awarded to homeowners or developers to subsidize or render more profitable the design and construction of high-performance buildings. Grant programs often require homeowners and developers to submit a proposal for the grant funding, or meet specific program goals.
For examples click here.

Revolving Loan Funds: While the long-term benefits of building smart, efficient and healthy buildings are well documented, so too are the concerns over the up-front costs of a green building retrofit. Revolving loan funds allocate low interest loans from a large fund to those seeking to build or renovate to verifiable green building standards. These loans are then repaid to the fund at a rate lower than the operational cost savings from the improvements so that both the building owner and the fund, collects on cost-savings in the first month. The result is the removal of a major financial barrier to green building and a constantly-replenished fund that can continue to provide additional loans to the community.
For examples click here.

Other Incentives

Technical Assistance: Another low cost incentive that is gaining in popularity is the offering of technical expertise and assistance through a government authority for green building projects. As consumer demand surrounding green building continues to grow exponentially, residential and commercials builders can greatly benefit from technical expertise to keep pace with the innovation of this developing market. Free technical assistance provides this familiarization and realizes the potential created by a locality or state that is flush with green building expertise and innovation. Technical assistance is commonly offered by building department staff with a professional credential of a green building expert.
For examples click here.

Marketing Assistance: Developers and owners of green buildings have much to gain from the increased marketability of third-party certified, high-performance green real estate. In recognition of the unique marketability of green buildings, some municipalities are offering free marketing assistance which includes signage, awards, websites, press releases, and other means to help green builders rent and sell their properties more effectively. In addition to incentivizing new construction and green retrofits of existing buildings, the community at large benefits from this increased recognition of sustainability through public education and awareness of the built environment that surrounds them.
For examples click here.

Structural Incentives [top]

Expedited Review/Permitting Processes: Review and permitting processes can vary greatly in length from one jurisdiction to another. In some cases these processes can take months or even years, resulting in increased project costs and delays on returns. Reducing the duration of the review and permitting process for verifiable green building projects can result in major cost savings for the developer. Expedited permitting allows a municipality to offer a significant incentive with little or no financial investment, since it only requires a shift in permitting priority.

State of Hawaii: The state legislature amended its provisions to Hawaiian counties with HRS 46 19.6, requiring priority processing for all construction or development permits for projects that achieve LEED Silver or equivalent.

Costa Mesa, CA: The city improved an incentive program which includes expedited permitting processes for green buildings, which includes LEED certified buildings.

Dallas, TX: The City of adopted a green building ordinance requiring energy and water efficiency improvements for new residential and commercial buildings. Starting in October of 2009 and prior to 2011, new residential construction must submit a residential green building checklist (LEED for Homes, GreenPoint Rated, Green Communities, GreenBuilt North Texas or equivalents) and new commercial construction greater than 50,000 sq feet must attempt a number of priority LEED credits. Expedited permitting is available for all covered projects.

Gainseville, FL: The County is providing a fast-track building permit incentive and a 50% reduction in the cost of building permit fees

for private contractors who use LEED.

Hillsborough County, FL: Approved the Residential Green Homes Policy, offering expedited permitting to home builders with a completed scorecard from either the LEED for Homes program or the Florida Green Home Standard Checklist. Scorecards must be supplied by a LEED for Homes provider or a qualified, third party green home certifier.

Issaquah, WA: Projects achieving LEED certification are placed at the head of the building permit review line.

Los Angeles, CA: Expedites processing through all departments, if LEED Silver designation is met.

Miami Lakes, FL: Established a Green Building Program that allows for expedited permitting for private developers who build to the Green Building Program's standard which requires developments to meet a minimum of LEED requirements.

San Diego, CA: Commercial projects achieving LEED Silver certification will benefit from expedited discretionary processes.

San Francisco, CA: Gives priority permit review for all new and renovated buildings that achieve a LEED Gold certification.

Santa Monica, CA: The city passed an ordinance allowing LEED registered projects to receive expedited permitting. This includes all LEED for New Construction, Homes, Core and Shell.

Sarasota County, FL: The County approved a Green Development Incentive Resolution that provides fast-track permitting for residential and commercial green developments. Incentives apply to projects pursuing applicable LEED standards.

Washington, DC: Adopted a bill requiring the creation of an incentive program for private residential and commercial buildings. Incentives will include expedited permit review.

Density Bonuses: Density bonuses provide an opportunity for municipalities to tie incentives to specific local public policy priorities. Many municipalities allow for percentage increases in Floor Area Ratio (FAR) or other measures of density contingent upon certification or proof of building green. Even municipalities with height restrictions are providing height bonuses (another form of a density bonus) for green buildings, particularly for urban infill projects. These additional bonuses in density yield both short-and long-term dividends for developers and building owners through the rent or sale of additional units allowed by the bonus incentive.

Acton, MA: The Town adopted a zoning by-law (section 5.5B.2.2.d) allowing for a density bonus for buildings achieving LEED certification in the East Acton Village District.

Arlington County, VA: The County's Green Building Incentive Program, allows commercial projects and private developments earning LEED certification to develop sites at a higher density than conventional projects with bonuses varying depending on the level of LEED certification.

Bar Harbor, ME: The City amended its municipal codes to award a density bonus of an additional market-rate dwelling unit for construction projects in which all dwelling units meet LEED standards. This bonus applies to projects within a Planned Unit Development and compliance is determined by either application or by affidavit for adherence during construction.
(To view amended municipal cades, search LEED under keywords or phrases)

Cranford, NJ: The ordinance established a Green Building Density Incentive program whereby redevelopers who achieve LEED certification and comply with the specific program requirements may earn a development density bonus from the Township.

Nashville, TN: The Nashville Planning Commission approved a density bonus for applying LEED to construction projects in certain neighborhood districts. Various bonuses are awarded based on the district where the development is taking place and the level of LEED certification achieved. The details are found on pages 11 and 12 of the staff report.

Pittsburgh, PA: Approved an amendment to The Pittsburgh Code entitled "Sustainable Development Bonuses", granting a density bonus of an additional 20% Floor Area Ratio and an additional variance of 20% of the permitted height for all projects that earn LEED for New Construction or LEED for Core and Shell certification. The bonus is available in all nonresidential zoning districts.

Portsmouth, NH: Through an update in its zoning ordinance, the City Council of Portsmouth adopted a density bonus for private projects that use LEED. In Central Business [district] A, projects benefit from a 0.5 increase in Floor Area Ratio that meet appropriate open space requirements and that also build to a minimum of LEED Certified.
(To view density bonus in zoning ordinance, see page 90)

Seattle, WA: Enacted zoning legislation that gives a height or density bonus to commercial or residential projects that achieve at least LEED Silver certification and contribute to affordable housing.

Sunnyvale, CA: The city recently enacted a group of incentives and requirements for buildings in their community. The incentives

include density and building height bonuses for specific levels of LEED certification.
(To view incentives and requirements, see page 33)

Financial Incentives [top]

Tax Credits and Abatements: Many municipalities already offer tax credits and abatements as a means of advancing specific policy agendas. Abatements work by exempting property owners from paying taxes for a period of time. Credits work by crediting specific tax liabilities back to owners of these properties. These same principles are being applied to homes and developments that achieve measurable, verifiable green building goals. And while this incentive has an up-front cost to the municipality, the increased assessed property value from an energy-efficient, greener building frequently offsets any reduction in tax revenue over time.

State of Maryland: The state enacted a tax credit program for businesses that construct or rehabilitate a building that conforms to specific standards intended to save energy and to mitigate environmental impact.

State of New Mexico: Created legislation that provides tax credits based on the square footage of the building. For commercial buildings, the tax credits range from $3.50 per square foot for buildings that achieve LEED for New Construction Silver certification to $6.25 for buildings that achieve LEED for New Construction Platinum certification. For residential buildings, the tax credits range from $5.00 per square foot for buildings that achieve LEED for Homes Silver certification to $9.00 per square foot for buildings that achieve LEED for Homes Platinum certification.

State of New York: The New York State Green Building Tax Credit Program provides an income tax incentive to commercial developments incorporating specific green strategies informed by LEED.

State of Oregon: A LEED Business Energy Tax Credit (BETC) is being administered by the state Office of Energy. LEED for New Construction, Core and Shell, or Commercial Interiors projects achieving a minimum Silver certification will be eligible.

Baltimore County, MD: The County Council has passed bill incentivizing both residential and commercial building in the county via tax credits. New residential construction that earns a minimum of LEED Silver certification are eligible. Projects earning LEED Silver will earn a 40% property tax credit, 60% for LEED Gold, and 100% for LEED Platinum. The tax credits will be in effect for 3 years or up to $1 million in total incentives. For commercial buildings, tax credits are granted for projects achieving LEED for New Construction, LEED Core and Shell, and LEED for Existing Buildings. LEED for New Construction will earn a 50% property tax credit for Silver, 60% for Gold, and 80% for Platinum. LEED Core and Shell Silver will receive 40%, Gold 50%, and Platinum 70%. LEED for Existing Buildings Silver will earn a tax credit for 10%, 25% for Gold, and 50% for Platinum. The duration of the LEED NC and LEED CS tax credits are for five years consecutive years; whereas, the duration of the LEED EB tax credit is for three years.

Chatham County, GA: The Board of Commissioners of Chatham County passed an ordinance amending the county code, that gives full property state and county tax abatement for commercial buildings achieving LEED Gold certification for the first five years and then tapering off by 20% each year until the tenth year. Qualifying projects are new or expanding businesses in an enterprise zone that increase employment opportunities.
(To view the ordinance, see page 79-85)

Cincinnati, OH: Established an ordinance providing an automatic 100% real property tax exemption of the assessed property value for newly-constructed or rehabilitated commercial or residential properties that earn a minimum of LEED Certified. Buildings that earn LEED Certified, Silver or Gold can receive a real property tax abatement up to $500,000, with no limit for LEED Platinum buildings.

Harris County, TX: The Harris County Commissioners Court adopted an ordinance establishing a partial tax abatement for costs incurred by developers to certify buildings with the U.S. Green Building Council. Buildings that meet the Certified level would be eligible for tax abatements of 1 percent of the construction costs. Buildings with higher ratings would get higher discounts with buildings that meet the platinum certification level eligible for tax abatements of 10 percent of the construction costs.

Honolulu, HI: The City and County of Honolulu passed a bill providing an exemption from real property taxes on the building improvements for a period of one year on all new commercial, resort, hotel and industrial construction that achieves LEED Certification.

Howard County, MD: established a five-year property tax credit for projects that achieve LEED-NC and LEED-CS. The credit increases depending on the level of certification: 25% for LEED Silver, 50% for LEED Gold and 75% for LEED Platinum. County tax credits for buildings certified under LEED for Existing Buildings extend for three years: 10% for LEED Silver, 25% for LEED Gold and 50% for LEED Platinum.

Fee Reductions or Waivers: Some municipalities that charge fees for permit review or other permitting processes are offering reductions or waivers for developers or contractors who commit to verifiable green building practices. While this incentive comes at a

marginal cost to government authorities, the benefits of a healthier and more efficient building stock pay dividends the entire community. In many cases, this incentive can be paired with a structural incentive such as expedited permitting.

Babylon, NY: The Town passed a resolution adopting a local law that requires LEED certification for any new construction of commercial buildings, office buildings, industrial buildings, multiple residence, or senior citizen multiple residence over 4,000 square feet. If certification is achieved, the Town will refund the certification fees paid to USGBC by the developer.

Gainesville, Fl: In addition to an expedited permitting process, private contractors who use LEED can receive a 50% reduction in the cost of building permit fees.

Mecklenburg County, NC: Offers permit fee rebates to projects with proof of LEED certification. Rebates increase proportionate to the level of certification achieved: 10% reductions for LEED Certified, 15% for LEED Silver, 20% for LEED Gold and 25% for LEED Platinum.

Miami Lakes, FL: The Town Council adopted an ordinance that provided a variety of incentives for green building. One of these was a reduction of permitting fees for commercial applicants that prove minimum compliance with LEED-NC, LEED-CS, LEED-CI, LEED-EB and LEED for Schools.

San Antonio, TX: The City Council adopted Ordinance #2006-06-15-0722 that approves Phase II of the City's Incentive Scorecard System and authorizes administrative waiver or reduction of certain development fees for projects reaching specified scores from the scorecard. Points are awarded for projects achieving LEED for New Construction or LEED for Homes certification.

Sarasota County, FL: The County passed a resolution allowing for a 50% reduction in the cost of building permit fees for private contractors who use LEED.

Grants: Grants for green building developers and homeowners are being established by state and local governments to entice construction and renovation project teams to go green in markets that may otherwise be resistant. These programs can be funded through taxes or fees, or through federal and state funds. Such grants are usually awarded to homeowners or developers to subsidize or render more profitable the design and construction of high-performance buildings. Grant programs often require homeowners and developers to submit a proposal for the grant funding, or meet specific program goals.

State of Illinois: On August 24, 2007, the Illinois State Senate amended the School Construction Law (Public Act #95-0416) with the governor's approval, directing the Capital Development Board to only issue grants to school projects with LEED for Schools or comparable rating system certification, or to projects that meet the standards set forth by the Capital Development Board's Green Building Advisory Committee.

State of New York: Governor Patterson signed A10684, authorizing the New York Star Energy Research and Development Authority (NYSERDA) to create and administer a green residential building grant program to encourage the construction of new homes and the renovation of existing homes that follow green building standards and criteria based on LEED for Homes.

Commonwealth of Pennsylvania: The legislature passed an act amending school construction reimbursement rates for Pennsylvania Public Schools, specifically providing hundreds of dollars of funding per pupil for public schools within the Commonwealth with proof of LEED Silver certification or higher, or two Green Globes or higher. In addition four state funds including the $20 million Sustainable Energy Fund provide grants, loans and "near-equity" investments in energy efficiency and renewable energy projects in Pennsylvania.

El Paso, TX: Grants are awarded at increasing intervals determined on level of LEED certification. Maximum grant allowance is $200,000 for LEED Platinum for new construction and $400,000 for LEED Platinum for "multistory existing buildings" that are mixed use and that have been 50% vacant for 5 years, and as further defined by the City.

King County, WA: King County Council established a Green Building Grants Program that offers from $15,000 to $25,000 in grant funding to building owners who meet a minimum of LEED Silver for new construction or major renovation in the county, but outside the City of Seattle.

Los Angeles, CA: The Los Angeles Department of Water and Power Board of Commissioners, who are appointed by the Mayor, adopted a policy that established cash incentives for commercial developments. Builders and developers can take advantage of the LADWP Green Building Incentive that offers up to $250,000 in financial incentives to assist a building in becoming more green and meeting LEED standards.

Pasadena, CA: Pasadena Water and Power's Pasadena LEED Certification Program offers $15,000 grants for applicants who achieve LEED Certified ($20,000 for Silver, $25,000 for Gold and $30,000 for Platinum).

Santa Monica, CA: On January 23, 2004, the City of Santa Monica launched the Santa Monica Green Building LEED Grant Program, providing financial incentives for private developers who earn LEED certification. The grants start at $20,000 for projects that earn LEED Certified and increase in $5,000 increments to $35,000 for projects that earn LEED Platinum certification. On April 22, 2008, the

program was expanded to include LEED for Homes certified projects. The grants range from $2,000 to $3,500 for multi-family projects and from $3,000 to $8,000 for single family homes.

Seattle, WA: The City offers a host of grant programs for various energy efficiency and other sustainability improvements to buildings in the city.

Revolving Loan Funds: While the long-term benefits of building smart, efficient and healthy buildings are well documented, so too are the concerns over the up-front costs of a green building retrofit. Revolving loan funds allocate low interest loans from a large fund to those seeking to build or renovate to verifiable green building standards. These loans are then repaid to the fund at a rate lower than the operational cost savings from the improvements so that both the building owner and the fund, collects on cost-savings in the first month. The result is the removal of a major financial barrier to green building and a constantly-replenished fund that can continue to provide additional loans to the community.

Babylon, NY: The Town of Babylon's Long Island Green Homes program offers energy efficiency upgrades to residents at little or no out-of-pocket cost. A self-financing program, LIGH added carbon to its definition of solid waste, tapping solid waste collection funds deep home energy retrofit. For already efficient homes, LIGH may finance on-site renewable energy projects. All expenses are repaid by residents on a schedule that allows residents to take advantage of savings and repay retrofit costs. Repayment schedules are attached to the home in the event of change of owner.

Berkeley, CA: The Berkeley FIRST program opens the door for city residents to make long-term investments in residential photovoltaics with little out up-front cost and guarantees that benefits of solar are realized by the homeowner. Projects are repaid through a property tax on individual program participants spread thinly over 20 years, ensuring that participants both pay for the system and see real benefits. The solar-electric system and the tax obligation remain with the property, allowing initial program participants to transfer their obligations to future homeowners.

Cambridge, MA: A city-sponsored non-profit organization, the Cambridge Energy Alliance (CEA) is investing over $100 million over the next five to six years to enable energy-efficiency retrofits of half of all city buildings, and reduce electricity demand by 15% and annual GHG emissions by 150,000 tons (10% of city's total). Under the program, CEA participants (residents and businesses) will pay for efficiency and clean energy projects directly or through CEA-arranged financing for a term of up to ten years such that loan repayments are matched or exceeded by annual energy bill savings. No upfront costs will be required for such installations, and there will be no cost to Cambridge or state taxpayers.

Milwaukee, WI: The Milwaukee Energy Efficiency (Me2) program offers financing of home energy retrofits for building owners and occupants with immediate savings and no upfront costs. Using both public funds and private capital, Me2 offers longer-term repayment for retrofits through simple additions to municipal services or utility bills at less than the value of energy saved. Repayment schedules are attached to the home in the event of change of owner.

Sonoma County, CA: The Sonoma County Energy Independence Program gives commercial and residential property owners the opportunity to borrow funds to increase their property's energy efficiency including insulation, cool roofing, heating and air conditioning systems, waterless urinals, solar panels and energy efficient windows. The money is paid back as an assessment on the property, due at the same time as the property taxes. Five, ten, and twenty years terms are available at 7 % interest.

Other Incentives [top]

Technical Assistance: Another low cost incentive that is gaining in popularity is the offering of technical expertise and assistance through a government authority for green building projects. As consumer demand surrounding green building continues to grow exponentially, residential and commercials builders can greatly benefit from technical expertise to keep pace with the innovation of this developing market. Free technical assistance provides this familiarization and realizes the potential created by a locality or state that is flush with green building expertise and innovation. Technical assistance is commonly offered by building department staff with a professional credential of a green building expert.

State of Minnesota: Established a law requiring utilities provide technical assistance for commercial or residential projects that incorporate green building principles in their construction.

Oakland, CA: Promotes the use of green building strategies in private sector development by offering free technical assistance, green building guidelines and public promotion for qualified projects.

Pasadena, CA: In addition to financial assistance the High-Performance Building Program offers free technical assistance in examining new technologies, providing additional resources, and exploring additional financial incentives that may be available.

San Diego, CA: Private sector buildings registering for LEED certification may be eligible to receive technical green building training, support, and education.

Washington, DC: Enacted a bill that will establish a Green Building Fund for technical assistance and monitoring of green buildings, education, and incentive funding for private buildings.
(To view details of the Green Building Fund, see page 13)

West Hollywood, CA: The City enacted an ordinance establishing a Green Buildings Resource Center at West Hollywood City Hall. The center serves as a source of information and outreach to developers and homeowners looking to incorporate green building practices into their projects.

Marketing Assistance: Developers and owners of green buildings have much to gain from the increased marketability of third-party certified, high-performance green real estate. In recognition of the unique marketability of green buildings, some municipalities are offering free marketing assistance which includes signage, awards, websites, press releases, and other means to help green builders rent and sell their properties more effectively. In addition to incentivizing new construction and green retrofits of existing buildings, the community at large benefits from this increased recognition of sustainability through public education and awareness of the built environment that surrounds them.

Charlotte County, FL: The County Board of Commissioners adopted a Green Building Ordinance establishing a Green Building Program. New residential projects and residential renovation projects that are certified under the LEED for Homes Rating System and new commercial projects, commercial renovation projects that are certified under the appropriate LEED Rating System, and land developments that are certified under the LEED for Neighborhood Development Rating System are eligible to participate in this program. All program participants will be included in a marketing program to promote green building in Charlotte County. The program includes signage, promotional mailings, press releases, newsletters, websites and awards.

Oakland, CA: Promotes the use of green building strategies in private sector development by offering free technical assistance, green building guidelines and public promotion for qualified projects.

San Diego, CA: The City will sponsor a recognition program for innovative Green Building projects implemented in the public as well as private sector in an effort to encourage and recognize outstanding environmental protection and energy conservation projects.